

MASON COUNTY, MICHIGAN
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2004

ASSETS

Cash and cash equivalents	\$ 409,502.20
Investments (net of premiums)	252,899.66
Property taxes receivable	6,116,597.82
Accounts receivable	21,002.45
Interest receivable	2,979.83
Prepaid items	73,826.23
Due from other funds	349,270.60
Advances to other funds	404,648.29
Due from federal and state governments	<u>194,706.51</u>
TOTAL ASSETS	\$ <u><u>7,825,433.59</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 128,018.75
Due to other funds	
Due to others	33,012.93
Accrued wages	<u>101,012.76</u>
TOTAL LIABILITIES	<u>262,044.44</u>

DEFERRED REVENUE

6,116,597.82

FUND BALANCE

Reserved for prepaid items	73,826.23
Reserved for advances	404,648.29
Undesignated and unreserved	<u>968,316.81</u>
TOTAL FUND BALANCE	<u>1,446,791.33</u>

TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>7,825,433.59</u></u>
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MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

REVENUES	
Taxes	\$ 5,882,690.44
Licenses and permits	108,964.66
Intergovernmental	
Federal	320,786.72
State	964,537.51
Charges for services	766,985.98
Interest and rents	124,814.63
Other revenue	162,588.04
TOTAL REVENUES	8,331,367.98
EXPENDITURES	
Legislative	263,986.10
Judicial	1,154,263.57
General government	1,947,974.73
Public safety	1,617,949.45
Public works	29,751.27
Health and welfare	336,372.04
Other	11,430.88
TOTAL EXPENDITURES	5,361,728.04
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,969,639.94
OTHER FINANCING SOURCES (USES)	
Transfers in	213,875.00
Transfers out	(3,178,521.00)
TOTAL OTHER FINANCING SOURCES (USES)	(2,964,646.00)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	4,993.94
FUND BALANCE, JANUARY 1	1,442,428.15
PRIOR PERIOD ADJUSTMENTS	(630.76)
FUND BALANCE, DECEMBER 31	\$ 1,446,791.33

MASON COUNTY, MICHIGAN
STATEMENT OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
District court	\$ 252,000.00	\$ 253,750.00	\$ 254,888.73	\$ 1,138.73
Friend of the court	23,450.00	17,225.00	19,316.24	2,091.24
Probate court	15,900.00	20,100.00	21,282.98	1,182.98
Juvenile court	27,300.00	44,600.00	45,924.28	1,324.28
Family counseling service	3,400.00	3,725.00	3,900.00	175.00
Prosecutor	17,700.00	9,200.00	6,971.61	(2,228.39)
County clerk	81,900.00	85,225.00	87,318.24	2,093.24
Equalization department	27,000.00	29,525.00	29,544.76	19.76
Register of deeds	261,200.00	303,150.00	311,682.16	8,532.16
Property tax collections	5,650,000.00	5,634,825.00	5,634,831.30	6.30
Delinquent personal tax	12,000.00	17,000.00	17,411.58	411.58
Other taxes	168,800.00	172,950.00	169,600.56	(3,349.44)
Payment in lieu of tax	50,700.00	54,525.00	54,545.00	20.00
Probate judge supplement	94,200.00	101,700.00	101,717.49	17.49
Judicial salary standardization	128,000.00	128,475.00	128,034.40	(440.60)
Court financing reimbursements	182,700.00	201,450.00	200,365.00	(1,085.00)
Emergency management	9,950.00	9,075.00	5,442.14	(3,632.86)
Sheriff road patrol	60,000.00	62,125.00	65,406.00	3,281.00
Marine patrol	18,650.00	19,125.00	19,148.00	23.00
Drunk driving case flow	0.00	7,775.00	7,785.35	10.35
C.R.P. reimbursement	233,000.00	259,400.00	246,715.41	(12,684.59)
Victims' rights	16,000.00	16,000.00	12,776.00	(3,224.00)
Cigarette tax	24,400.00	16,250.00	16,260.00	10.00
Convention facility tax	65,800.00	65,650.00	65,650.00	0.00
State revenue sharing	470,000.00	329,650.00	225,485.00	(104,165.00)
Township liquor license	10,575.00	11,275.00	11,277.20	2.20
State payment on inventory	39,650.00	37,100.00	37,115.78	15.78
State survey/remonumentation	31,400.00	31,400.00	26,475.60	(4,924.40)
Investment income	75,000.00	94,000.00	105,866.43	11,866.43
Rents and leases	11,500.00	18,925.00	18,948.20	23.20
Reimbursements - refunds	103,500.00	136,050.00	132,655.14	(3,394.86)
Friend of the court - incentive programs	34,300.00	60,050.00	60,843.82	793.82
Other treasurer's fees	4,125.00	8,300.00	8,496.50	196.50
Sheriff's department	10,775.00	7,825.00	8,512.52	687.52
S.S.C.E.N.T. program	25,775.00	27,625.00	27,510.00	(115.00)
Drain commissioner	25,800.00	29,650.00	30,699.79	1,049.79
Animal control	65,400.00	80,925.00	83,773.27	2,848.27
Zoning department	29,150.00	26,525.00	27,191.50	666.50
TOTAL REVENUES	\$ 8,361,000.00	\$ 8,432,125.00	\$ 8,331,367.98	\$ (100,757.02)

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES				
Animal control	\$ 105,650.00	\$ 107,500.00	\$ 106,632.20	\$ 867.80
Audit	13,550.00	13,100.00	13,073.84	26.16
Board of commissioners	139,500.00	131,200.00	129,928.90	1,271.10
Circuit court	267,400.00	242,300.00	244,202.61	(1,902.61)
Circuit court appointed attorney	91,000.00	95,500.00	98,507.39	(3,007.39)
Contingency	175,400.00	0.00	0.00	0.00
Contagious disease	4,000.00	1,400.00	1,742.39	(342.39)
County administrator	144,000.00	135,300.00	134,057.20	1,242.80
County maintenance	107,000.00	68,500.00	66,070.13	2,429.87
Copy machine	28,000.00	31,000.00	28,034.15	2,965.85
County clerk's office	278,500.00	268,800.00	267,673.72	1,126.28
County Plat Board	275.00	50.00	0.00	50.00
Courthouse maintenance	113,000.00	103,500.00	105,530.82	(2,030.82)
Department of public works	23,800.00	24,100.00	23,542.08	557.92
District court	390,000.00	377,400.00	375,503.43	1,896.57
District court appointed attorney	32,275.00	38,500.00	40,328.78	(1,828.78)
Department of corrections	9,200.00	6,000.00	7,680.69	(1,680.69)
Drain commissioner	191,225.00	188,900.00	187,635.34	1,264.66
Drains at large	11,000.00	6,100.00	6,209.19	(109.19)
Emergency planning	26,800.00	25,000.00	24,286.97	713.03
Employee Benefits	5,000.00	0.00	0.00	0.00
Extension office	155,500.00	138,400.00	142,440.98	(4,040.98)
Election and board of canvassers	43,000.00	26,000.00	32,072.84	(6,072.84)
Equalization department	261,500.00	260,300.00	260,288.31	11.69
Family counseling service	4,000.00	3,600.00	3,555.00	45.00
Health department cigarette tax	17,300.00	11,500.00	11,477.65	22.35
Insurance and surety	4,500.00	2,400.00	2,130.88	269.12
Jury commission	5,700.00	4,000.00	3,805.85	194.15
Medical examiner	24,000.00	21,000.00	14,598.00	6,402.00
Parks and recreation	1,000.00	0.00	0.00	0.00
Planning commission	35,000.00	5,200.00	5,875.61	(675.61)
Probate and juvenile	385,000.00	380,800.00	380,679.82	120.18
Prosecutor's office	342,000.00	349,700.00	351,141.16	(1,441.16)
Regional planning	7,650.00	7,650.00	7,633.97	16.03
Register of deeds	160,675.00	153,200.00	153,535.99	(335.99)
Remonumentation	31,400.00	45,375.00	45,308.00	67.00
Service building	78,000.00	49,000.00	51,224.40	(2,224.40)
Sheriff emergency response team	10,000.00	10,700.00	10,809.37	(109.37)
Sheriff road patrol	1,105,000.00	1,130,700.00	1,132,604.73	(1,904.73)
Sheriff - marine safety	58,000.00	54,500.00	44,928.17	9,571.83
Sheriff's secondary road patrol	102,000.00	97,600.00	97,606.72	(6.72)
Sheriff - S.S.C.E.N.T. program	67,700.00	63,000.00	65,201.96	(2,201.96)

MASON COUNTY, MICHIGAN
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - Concluded
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES - Concluded				
Tax allocation boards	\$ 1,000.00	\$ 800.00	\$ 732.45	\$ 67.55
Treasurer's office	234,500.00	243,400.00	243,212.60	187.40
Veterans' burial	11,000.00	9,200.00	10,950.00	(1,750.00)
Zoning department	118,000.00	122,400.00	122,369.75	30.25
R.C. & D. Planning	200.00	0.00	0.00	0.00
Mason - lake soil conservation	9,300.00	9,300.00	9,300.00	0.00
District Health Dept. #10	155,854.00	156,854.00	156,854.00	0.00
Mental health authority	139,750.00	139,750.00	139,750.00	0.00
Child and family services	2,000.00	1,000.00	1,000.00	0.00
TOTAL EXPENDITURES BEFORE OTHER FINANCING SOURCES	\$ 5,727,104.00	\$ 5,361,479.00	\$ 5,361,728.04	\$ (249.04)

SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to finance particular activities and is created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory provisions to pay for certain activities with some special form of continuing revenues.

Special Revenue Funds in Mason County are the Senior Citizens, Friend of the Court, Solid Waste Management Plan, Spay/Neuter Deposit Forfeiture, Economic Development, Building Department, Courthouse Preservation, Register of Deeds Automation, Budget Stabilization, Community Corrections, DARE Program, Victims' Assistance, Drug Law Enforcement, Jail Operations, County Law Library, District Library, Community Development Block Grant, Link Michigan Grant, Emergency Management Grant, Justice Training, Social Welfare, Medical Care Facility, Child Care, Soldiers' and Sailors' Relief, Veterans' Trust, Building Authority Operations, Landfill Perpetual Care, Medical Care Facility Employee Benefits, Vacation and Sick Pay Trust, Principal Residence Exemption, Corrections Officers training and Revenue Sharing Reserve.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2004

	SENIOR CITIZENS	FRIEND OF THE COURT	SOLID WASTE MANAGEMENT PLAN	SPAY/NEUTER DEPOSIT
ASSETS				
Cash and cash equivalents	\$ 50,784.25	\$ 108,289.90	\$ 1,002.76	\$ 7,923.65
Investments	0.00	0.00	19,569.51	0.00
Taxes receivable	237,623.97	0.00	0.00	0.00
Accounts receivable	0.00	0.00	0.00	0.00
Interest receivable	0.00	0.00	21.76	0.00
Prepaid items	1,165.50	2,936.13	0.00	0.00
Due from state	0.00	3,693.53	0.00	0.00
Due from other funds	0.00	0.00	0.00	0.00
TOTAL ASSETS	\$ 289,573.72	\$ 114,919.56	\$ 20,594.03	\$ 7,923.65
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 0.00	\$ 1,333.38	\$ 0.00	\$ 722.03
Due to individuals	0.00	11,769.28	0.00	1,700.00
Accrued expenses	0.00	8,380.94	0.00	0.00
Due to state	0.00	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	0.00	21,483.60	0.00	2,422.03
DEFERRED REVENUE	237,623.97	0.00	0.00	0.00
FUND BALANCE				
Reserved for prepaid items	1,165.50	2,936.13	0.00	0.00
Reserved for perpetual care	0.00	0.00	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	0.00	0.00	0.00
Undesignated	50,784.25	90,499.83	20,594.03	5,501.62
TOTAL FUND BALANCE	51,949.75	93,435.96	20,594.03	5,501.62
TOTAL LIABILITIES AND FUND BALANCE	\$ 289,573.72	\$ 114,919.56	\$ 20,594.03	\$ 7,923.65

ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT	COURTHOUSE PRESERVATION	REGISTER OF DEEDS AUTOMATION	BUDGET STABILIZATION
\$ 55,147.45	\$ 185,306.54	\$ 34,726.47	\$ 77,774.06	\$ 21.11
12,906.12	0.00	0.00	0.00	1,154,275.24
0.00	0.00	0.00	0.00	20,640.09
10,875.00	0.00	0.00	0.00	0.00
2.68	108.08	25.69	57.53	0.00
0.00	650.34	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>78,931.25</u>	<u>186,064.96</u>	<u>34,752.16</u>	<u>77,831.59</u>	<u>1,174,936.44</u>
\$ 1,114.38	\$ 4,109.96	\$ 0.00	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00	0.00
2,577.11	1,755.28	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>3,691.49</u>	<u>5,865.24</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	650.34	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>75,239.76</u>	<u>179,549.38</u>	<u>34,752.16</u>	<u>77,831.59</u>	<u>1,174,936.44</u>
<u>75,239.76</u>	<u>180,199.72</u>	<u>34,752.16</u>	<u>77,831.59</u>	<u>1,174,936.44</u>
<u>\$ 78,931.25</u>	<u>\$ 186,064.96</u>	<u>\$ 34,752.16</u>	<u>\$ 77,831.59</u>	<u>\$ 1,174,936.44</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2004

	COMMUNITY CORRECTIONS	DARE PROGRAM	VICTIM'S ASSISTANCE	DRUG LAW ENFORCEMENT
ASSETS				
Cash and cash equivalents	\$ 100.00	\$ 340.93	\$ 13,435.90	\$ 129,735.74
Investments	0.00	0.00	0.00	0.00
Taxes receivable	0.00	0.00	0.00	0.00
Accounts receivable	455.00	0.00	0.00	0.00
Interest receivable	0.00	0.00	0.00	84.11
Prepaid items	214.50	0.00	0.00	0.00
Due from state	13,755.95	0.00	0.00	0.00
Due from other funds	0.00	0.00	0.00	0.00
TOTAL ASSETS	\$ 14,525.45	\$ 340.93	\$ 13,435.90	\$ 129,819.85
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 9,620.78	\$ 0.00	\$ 0.00	\$ 17,018.89
Due to individuals	0.00	0.00	0.00	0.00
Accrued expenses	0.00	0.00	0.00	0.00
Due to state	0.00	0.00	0.00	0.00
Due to other funds	1,908.86	0.00	0.00	0.00
TOTAL LIABILITIES	11,529.64	0.00	0.00	17,018.89
DEFERRED REVENUE	0.00	0.00	0.00	0.00
FUND BALANCE				
Reserved for prepaid items	214.50	0.00	0.00	0.00
Reserved for perpetual care	0.00	0.00	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	0.00	0.00	0.00
Undesignated	2,781.31	340.93	13,435.90	112,800.96
TOTAL FUND BALANCE	2,995.81	340.93	13,435.90	112,800.96
TOTAL LIABILITIES AND FUND BALANCE	\$ 14,525.45	\$ 340.93	\$ 13,435.90	\$ 129,819.85

JAIL OPERATION	COUNTY LAW LIBRARY	DISTRICT LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT	LINK MICHIGAN GRANT
\$ 379,135.72	\$ 1,309.10	\$ 33,795.68	\$ 29,019.26	\$ 10,402.60
	0.00	91,297.85	0.00	0.00
930,089.45	0.00	593,590.45	0.00	0.00
340.00	0.00	0.00	0.00	0.00
236.20	0.00	122.96	0.00	7.70
17,010.18	0.00	10,732.06	0.00	0.00
15,412.42	0.00	0.00	0.00	0.00
0.00	875.00	33,212.74	0.00	0.00
<u>\$ 1,342,223.97</u>	<u>\$ 2,184.10</u>	<u>\$ 762,751.74</u>	<u>\$ 29,019.26</u>	<u>\$ 10,410.30</u>
\$ 39,736.99	\$ 908.95	\$ 68,419.12	\$ 18,981.74	\$ 0.00
13,011.42	0.00	0.00	0.00	0.00
31,798.17	0.00	11,896.25	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>84,546.58</u>	<u>908.95</u>	<u>80,315.37</u>	<u>18,981.74</u>	<u>0.00</u>
<u>930,089.45</u>	<u>0.00</u>	<u>593,590.45</u>	<u>0.00</u>	<u>0.00</u>
17,010.18	0.00	10,732.06	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>310,577.76</u>	<u>1,275.15</u>	<u>78,113.86</u>	<u>10,037.52</u>	<u>10,410.30</u>
<u>327,587.94</u>	<u>1,275.15</u>	<u>88,845.92</u>	<u>10,037.52</u>	<u>10,410.30</u>
<u>\$ 1,342,223.97</u>	<u>\$ 2,184.10</u>	<u>\$ 762,751.74</u>	<u>\$ 29,019.26</u>	<u>\$ 10,410.30</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued
DECEMBER 31, 2004

	EMERGENCY MANAGEMENT GRANT	JUSTICE TRAINING	SOCIAL WELFARE	MEDICAL CARE FACILITY
ASSETS				
Cash and cash equivalents	\$ 0.00	\$ 7,673.39	\$ 31,427.92	\$ 912,683.92
Investments	0.00	0.00	0.00	87,214.01
Taxes receivable	0.00	0.00	0.00	1,154,621.76
Accounts receivable	0.00	0.00	0.00	485,711.91
Interest receivable	0.00	0.00	0.00	1,965.19
Prepaid items	76.93	0.00	0.00	0.00
Due from state	102,404.62	0.00	0.00	0.00
Due from other funds	0.00	0.00	0.00	0.00
TOTAL ASSETS	\$ 102,481.55	\$ 7,673.39	\$ 31,427.92	\$ 2,642,196.79
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 90,120.00	\$ 0.00	\$ 0.00	\$ 49,744.21
Due to individuals	0.00	0.00	0.00	93,540.90
Accrued expenses	889.65	0.00	0.00	100,624.75
Due to state	0.00	0.00	0.00	0.00
Due to other funds	5,463.27	0.00	0.00	0.00
TOTAL LIABILITIES	96,472.92	0.00	0.00	243,909.86
DEFERRED REVENUE	0.00	0.00	0.00	1,154,621.76
FUND BALANCE				
Reserved for prepaid items	76.93	0.00	0.00	0.00
Reserved for perpetual care	0.00	0.00	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	0.00	0.00	0.00
Undesignated	5,931.70	7,673.39	31,427.92	1,243,665.17
TOTAL FUND BALANCE	6,008.63	7,673.39	31,427.92	1,243,665.17
TOTAL LIABILITIES AND FUND BALANCE	\$ 102,481.55	\$ 7,673.39	\$ 31,427.92	\$ 2,642,196.79

CHILD CARE	SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS
\$ 222,357.34	\$ 6,728.16	\$ 454.07	\$ 18,725.46
0.00	0.00	0.00	312,409.97
0.00	3,448.61	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	926.49
1,164.27	0.00	0.00	0.00
51,811.55	0.00	0.00	7,490.61
0.00	0.00	0.00	0.00
<u>\$ 275,333.16</u>	<u>\$ 10,176.77</u>	<u>\$ 454.07</u>	<u>\$ 339,552.53</u>
\$ 18,030.67	\$ 0.00	\$ 209.85	\$ 66.80
0.00	0.00	0.00	0.00
3,585.92	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>21,616.59</u>	<u>0.00</u>	<u>209.85</u>	<u>66.80</u>
<u>0.00</u>	<u>3,448.61</u>	<u>0.00</u>	<u>0.00</u>
1,164.27	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>252,552.30</u>	<u>6,728.16</u>	<u>244.22</u>	<u>339,485.73</u>
<u>253,716.57</u>	<u>6,728.16</u>	<u>244.22</u>	<u>339,485.73</u>
<u>\$ 275,333.16</u>	<u>\$ 10,176.77</u>	<u>\$ 454.07</u>	<u>\$ 339,552.53</u>

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Concluded
DECEMBER 31, 2004

	LANDFILL PERPETUAL CARE	MCF EMPLOYEE BENEFITS	VACATION & SICK PAY TRUST
ASSETS			
Cash and cash equivalents	\$ 156,931.40	\$ 81,151.96	\$ 162,242.67
Investments	1,726,762.34	0.00	242,379.07
Taxes receivable	0.00	0.00	0.00
Accounts receivable	0.00	0.00	0.00
Interest receivable	10,374.81	129.16	2,278.60
Prepaid items	0.00	0.00	0.00
Due from state	0.00	0.00	0.00
Due from other funds	0.00	0.00	0.00
TOTAL ASSETS	\$ 1,894,068.55	\$ 81,281.12	\$ 406,900.34
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 867.95	\$ 0.00	\$ 0.00
Due to individuals	0.00	0.00	0.00
Accrued expenses	0.00	0.00	6,165.40
Due to state	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00
TOTAL LIABILITIES	867.95	0.00	6,165.40
DEFERRED REVENUE	0.00	0.00	0.00
FUND BALANCE			
Reserved for prepaid items	0.00	0.00	0.00
Reserved for perpetual care	1,893,200.60	0.00	0.00
Reserved for payment of accumulated vacation and sick pay	0.00	81,281.12	400,734.94
Undesignated	0.00	0.00	0.00
TOTAL FUND BALANCE	1,893,200.60	81,281.12	400,734.94
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,894,068.55	\$ 81,281.12	\$ 406,900.34

PRINCIPAL RESIDENCE EXEMPTION	CORRECTIONS OFFICERS TRAINING	REVENUE SHARING RESERVE	TOTAL
\$ 2,315.29	\$ 5,646.00	\$ 0.00	\$ 2,726,588.70
0.00	0.00	0.00	3,646,814.11
2,912.52	0.00	2,020,054.80	4,962,981.65
0.00	0.00	0.00	497,381.91
0.00	0.00	0.00	16,340.96
0.00	0.00	0.00	33,949.91
0.00	0.00	0.00	194,568.68
0.00	0.00	0.00	34,087.74
<u>\$ 5,227.81</u>	<u>\$ 5,646.00</u>	<u>\$ 2,020,054.80</u>	<u>\$ 12,112,713.66</u>
\$ 4,728.70	\$ 0.00	\$ 0.00	\$ 325,734.40
0.00	0.00	0.00	120,021.60
0.00	0.00	0.00	167,673.47
0.00	416.00	0.00	416.00
0.00	0.00	213,875.00	221,247.13
<u>4,728.70</u>	<u>416.00</u>	<u>213,875.00</u>	<u>835,092.60</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,919,374.24</u>
0.00	0.00	0.00	33,949.91
0.00	0.00	0.00	1,893,200.60
0.00	0.00	0.00	482,016.06
499.11	5,230.00	1,806,179.80	5,949,080.25
<u>499.11</u>	<u>5,230.00</u>	<u>1,806,179.80</u>	<u>8,358,246.82</u>
<u>\$ 5,227.81</u>	<u>\$ 5,646.00</u>	<u>\$ 2,020,054.80</u>	<u>\$ 12,112,713.66</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	SENIOR CITIZENS	FRIEND OF THE COURT	SOLID WASTE MANAGEMENT PLAN	SPAY/NEUTER DEPOSIT
REVENUES				
Taxes	\$ 225,715.77	\$ 0.00	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00	0.00
State grants	701.06	11,796.71	0.00	0.00
Contribution from local units	0.00	0.00	0.00	0.00
Charges for services	0.00	2,018.00	0.00	0.00
Interest and rents	0.00	0.00	624.97	0.00
Fines and forfeits	0.00	0.00	0.00	2,675.00
Other	72.61	0.00	0.00	0.00
TOTAL REVENUE	226,489.44	13,814.71	624.97	2,675.00
EXPENDITURES				
General government	0.00	0.00	0.00	0.00
Public safety	0.00	0.00	0.00	0.00
Health and welfare	240,790.21	0.00	0.00	4,629.50
Cultural and recreational	0.00	0.00	0.00	0.00
Judicial	0.00	326,121.70	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00
Trust paying agent fees	0.00	0.00	0.00	0.00
Capital outlay	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	240,790.21	326,121.70	0.00	4,629.50
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,300.77)	(312,306.99)	624.97	(1,954.50)
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	302,000.00	0.00	0.00
Transfers out	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	302,000.00	0.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(14,300.77)	(10,306.99)	624.97	(1,954.50)
FUND BALANCE, JANUARY 1	66,250.52	103,742.95	19,969.06	7,456.12
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 51,949.75	\$ 93,435.96	\$ 20,594.03	\$ 5,501.62

ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT	COURTHOUSE PRESERVATION	REGISTER OF DEEDS AUTOMATION	BUDGET STABILIZATION
\$ 1,691.29	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
1,443.90	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
18,350.00	0.00	0.00	0.00	0.00
37,397.00	379,799.55	0.00	45,149.00	0.00
366.86	108.08	312.09	924.48	30,299.60
0.00	0.00	32,762.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>59,249.05</u>	<u>379,907.63</u>	<u>33,074.09</u>	<u>46,073.48</u>	<u>30,299.60</u>
142,730.68	337,811.16	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>142,730.68</u>	<u>337,811.16</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>(83,481.63)</u>	<u>42,096.47</u>	<u>33,074.09</u>	<u>46,073.48</u>	<u>30,299.60</u>
95,300.00	0.00	0.00	0.00	230,875.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>95,300.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>230,875.00</u>
11,818.37	42,096.47	33,074.09	46,073.48	261,174.60
63,421.39	138,103.25	1,678.07	31,758.11	913,761.84
0.00	0.00	0.00	0.00	0.00
<u>\$ 75,239.76</u>	<u>\$ 180,199.72</u>	<u>\$ 34,752.16</u>	<u>\$ 77,831.59</u>	<u>\$ 1,174,936.44</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	COMMUNITY CORRECTIONS	DARE PROGRAM	VICTIM'S ASSISTANCE	DRUG LAW ENFORCEMENT
REVENUES				
Taxes	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00	0.00
State grants	66,771.80	0.00	0.00	0.00
Contribution from local units	0.00	0.00	0.00	0.00
Charges for services	0.00	0.00	0.00	0.00
Interest and rents	0.00	0.00	0.00	1,421.29
Fines and forfeits	0.00	0.00	0.00	48,524.48
Other	4,386.50	0.00	140.00	4,648.14
TOTAL REVENUE	71,158.30	0.00	140.00	54,593.91
EXPENDITURES				
General government	0.00	0.00	0.00	0.00
Public safety	0.00	0.00	240.00	30,238.79
Health and welfare	0.00	0.00	0.00	0.00
Cultural and recreational	0.00	0.00	0.00	0.00
Judicial	74,727.20	0.00	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00
Trust paying agent fees	0.00	0.00	0.00	0.00
Capital outlay	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	74,727.20	0.00	240.00	30,238.79
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,568.90)	0.00	(100.00)	24,355.12
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	0.00	0.00	0.00
Transfers out	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	0.00	0.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,568.90)	0.00	(100.00)	24,355.12
FUND BALANCE, JANUARY 1	6,564.71	340.93	13,535.90	88,445.84
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 2,995.81	\$ 340.93	\$ 13,435.90	\$ 112,800.96

JAIL OPERATION	COUNTY LAW LIBRARY	DISTRICT LIBRARY	COMMUNITY DEVELOPMENT BLOCK GRANT	LINK MICHIGAN GRANT
\$ 883,238.11	\$ 0.00	\$ 563,692.83	\$ 0.00	\$ 0.00
0.00	0.00	0.00	8,513.00	14,306.25
0.00	0.00	3,602.56	0.00	0.00
0.00	0.00	0.00	0.00	0.00
243,456.04	0.00	6,216.86	0.00	0.00
7,814.32	0.00	18,008.21	0.00	249.82
0.00	3,500.00	151,610.89	0.00	0.00
1,080.22	0.00	46,368.21	26,900.00	0.00
<u>1,135,588.69</u>	<u>3,500.00</u>	<u>789,499.56</u>	<u>35,413.00</u>	<u>14,556.07</u>
0.00	0.00	0.00	0.00	19,064.25
2,107,248.07	0.00	0.00	0.00	0.00
0.00	0.00	0.00	29,391.23	0.00
0.00	0.00	827,410.49	0.00	0.00
0.00	10,846.74	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>2,107,248.07</u>	<u>10,846.74</u>	<u>827,410.49</u>	<u>29,391.23</u>	<u>19,064.25</u>
<u>(971,659.38)</u>	<u>(7,346.74)</u>	<u>(37,910.93)</u>	<u>6,021.77</u>	<u>(4,508.18)</u>
1,047,000.00	7,500.00	0.00	0.00	0.00
<u>(129,689.43)</u>	<u>0.00</u>	<u>(60,549.42)</u>	<u>0.00</u>	<u>0.00</u>
<u>917,310.57</u>	<u>7,500.00</u>	<u>(60,549.42)</u>	<u>0.00</u>	<u>0.00</u>
(54,348.81)	153.26	(98,460.35)	6,021.77	(4,508.18)
381,936.75	1,121.89	187,241.90	4,015.75	14,918.48
0.00	0.00	64.37	0.00	0.00
<u>\$ 327,587.94</u>	<u>\$ 1,275.15</u>	<u>\$ 88,845.92</u>	<u>\$ 10,037.52</u>	<u>\$ 10,410.30</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	EMERGENCY MANAGEMENT GRANT	JUSTICE TRAINING	SOCIAL WELFARE	MEDICAL CARE FACILITY
REVENUES				
Taxes	\$ 0.00	\$ 0.00	\$ 0.00	\$ 987,542.91
Federal grants	152,129.40	0.00	0.00	0.00
State grants	0.00	4,514.00	0.00	7,006.99
Contribution from local units	0.00	0.00	0.00	0.00
Charges for services	0.00	0.00	7,922.26	5,678,943.41
Interest and rents	0.00	0.00	0.00	20,381.98
Fines and forfeits	0.00	0.00	0.00	0.00
Other	250.00	0.00	0.00	3,043,495.64
TOTAL REVENUE	152,379.40	4,514.00	7,922.26	9,737,370.93
EXPENDITURES				
General government	0.00	0.00	0.00	0.00
Public safety	152,870.77	832.95	35,214.13	0.00
Health and welfare	0.00	0.00	0.00	9,331,772.69
Cultural and recreational	0.00	0.00	0.00	0.00
Judicial	0.00	0.00	0.00	0.00
Employee Benefits	0.00	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00
Trust paying agent fees	0.00	0.00	0.00	0.00
Capital outlay	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	152,870.77	832.95	35,214.13	9,331,772.69
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(491.37)	3,681.05	(27,291.87)	405,598.24
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	0.00	23,200.00	0.00
Transfers out	0.00	0.00	0.00	(275,000.00)
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	23,200.00	(275,000.00)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(491.37)	3,681.05	(4,091.87)	130,598.24
FUND BALANCE, JANUARY 1	6,500.00	3,992.34	35,519.79	1,113,066.93
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 6,008.63	\$ 7,673.39	\$ 31,427.92	\$ 1,243,665.17

CHILD CARE	SOLDIERS' AND SAILORS' RELIEF	VETERANS' TRUST	BUILDING AUTHORITY OPERATIONS
\$ 0.00	\$ 3,369.21	\$ 0.00	\$ 0.00
0.00	0.00	0.00	0.00
237,965.85	21.61	1,930.00	0.00
0.00	0.00	0.00	0.00
48,307.71	0.00	0.00	0.00
0.00	0.00	0.00	331,735.89
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>286,273.56</u>	<u>3,390.82</u>	<u>1,930.00</u>	<u>331,735.89</u>
0.00	0.00	0.00	75,014.40
0.00	0.00	0.00	0.00
545,503.28	3,900.10	1,974.82	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>545,503.28</u>	<u>3,900.10</u>	<u>1,974.82</u>	<u>75,014.40</u>
<u>(259,229.72)</u>	<u>(509.28)</u>	<u>(44.82)</u>	<u>256,721.49</u>
190,200.00	0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>190,200.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
(69,029.72)	(509.28)	(44.82)	256,721.49
322,746.29	7,237.44	289.04	82,764.24
0.00	0.00	0.00	0.00
<u>\$ 253,716.57</u>	<u>\$ 6,728.16</u>	<u>\$ 244.22</u>	<u>\$ 339,485.73</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - Concluded
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	LANDFILL PERPETUAL CARE	MCF EMPLOYEE BENEFITS	VACATION AND SICK PAY
REVENUES			
Taxes	\$ 0.00	\$ 0.00	\$ 0.00
Federal grants	0.00	0.00	0.00
State grants	0.00	0.00	0.00
Contribution from local units	0.00	0.00	0.00
Charges for services	0.00	0.00	0.00
Interest and rents	42,794.59	1,094.26	11,590.15
Fines and forfeits	0.00	0.00	0.00
Other	10,707.72	0.00	0.00
TOTAL REVENUE	53,502.31	1,094.26	11,590.15
EXPENDITURES			
General government	0.00	0.00	0.00
Public safety	0.00	0.00	0.00
Health and welfare	0.00	0.00	0.00
Cultural and recreational	0.00	0.00	0.00
Judicial	0.00	0.00	0.00
Employee Benefits	0.00	0.00	122,321.62
Landfill perpetual care	60,959.83	0.00	0.00
Trust paying agent fees	1,992.51	0.00	0.00
Capital outlay	0.00	0.00	0.00
TOTAL EXPENDITURES	62,952.34	0.00	122,321.62
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,450.03)	1,094.26	(110,731.47)
OTHER FINANCING SOURCES (USES)			
Transfers in	58,000.00	0.00	25,000.00
Transfers out	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	58,000.00	0.00	25,000.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	48,549.97	1,094.26	(85,731.47)
FUND BALANCE, JANUARY 1	1,844,650.63	80,186.86	486,466.41
PRIOR PERIOD ADJUSTMENTS	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 1,893,200.60	\$ 81,281.12	\$ 400,734.94

PRINICPAL RESIDENCE EXEMPTION	CORRECTIONS OFFICERS TRAINING	REVENUE SHARING RESERVE	TOTAL
\$ 499.11	\$ 0.00	\$ 2,020,054.80	\$ 4,685,804.03
0.00	0.00	0.00	176,392.55
0.00	0.00	0.00	334,310.58
0.00	0.00	0.00	18,350.00
0.00	5,230.00	0.00	6,454,439.83
0.00	0.00	0.00	467,726.59
0.00	0.00	0.00	239,072.37
0.00	0.00	0.00	3,138,049.04
<u>499.11</u>	<u>5,230.00</u>	<u>2,020,054.80</u>	<u>15,514,144.99</u>
0.00	0.00	0.00	574,620.49
0.00	0.00	0.00	2,326,644.71
0.00	0.00	0.00	10,157,961.83
0.00	0.00	0.00	827,410.49
0.00	0.00	0.00	411,695.64
0.00	0.00	0.00	122,321.62
0.00	0.00	0.00	60,959.83
0.00	0.00	0.00	1,992.51
0.00	0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>14,483,607.12</u>
<u>499.11</u>	<u>5,230.00</u>	<u>2,020,054.80</u>	<u>1,030,537.87</u>
0.00	0.00	0.00	1,979,075.00
0.00	0.00	(213,875.00)	(679,113.85)
<u>0.00</u>	<u>0.00</u>	<u>(213,875.00)</u>	<u>1,299,961.15</u>
499.11	5,230.00	1,806,179.80	2,330,499.02
0.00	0.00	0.00	6,027,683.43
0.00	0.00	0.00	64.37
<u>\$ 499.11</u>	<u>\$ 5,230.00</u>	<u>\$ 1,806,179.80</u>	<u>\$ 8,358,246.82</u>

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DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt other than that payable exclusively from revenue bonds issued for and serviced by a governmental enterprise.

The County's Debt Service Funds are legal in nature. They are established in accordance with statutes and/or bond indentures. Their use enhances the attractiveness of bonds to prospective buyers resulting, possibly, in a lower rate of interest. Inclusion of a debt service fund provision in the indenture indicates to the buyer that the timing of the acquisition of assets with which to satisfy maturing debt has been formalized and that a sophisticated administrative approach to servicing the debt will be followed.

The County's Debt Service Funds include the 911 Center, District Library and Building Authority Funds.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
DECEMBER 31, 2004

	911 CENTER	BUILDING AUTHORITY JAIL	DISTRICT LIBRARY	TOTALS
ASSETS				
Cash equivalents	\$ 36,987.59	\$ 232,286.20	\$ 0.00	\$ 269,273.79
Interest receivable	59.99	171.83	0.00	231.82
TOTAL ASSETS	<u>\$ 37,047.58</u>	<u>\$ 232,458.03</u>	<u>\$ 0.00</u>	<u>\$ 269,505.61</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 0.00	\$ 320.83	\$ 0.00	\$ 320.83
TOTAL LIABILITIES	<u>0.00</u>	<u>320.83</u>	<u>0.00</u>	<u>320.83</u>
FUND BALANCE				
Undesignated	<u>37,047.58</u>	<u>232,137.20</u>	<u>0.00</u>	<u>269,184.78</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 37,047.58</u>	<u>\$ 232,458.03</u>	<u>\$ 0.00</u>	<u>\$ 269,505.61</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
DECEMBER 31, 2004

	911 CENTER	BUILDING AUTHORITY JAIL	DISTRICT LIBRARY	TOTALS
REVENUES				
Interest	\$ 433.55	\$ 4,942.42	\$ 0.00	\$ 5,375.97
Rents and fees	118,590.00	337,000.00	0.00	455,590.00
TOTAL REVENUES	<u>119,023.55</u>	<u>341,942.42</u>	<u>0.00</u>	<u>460,965.97</u>
EXPENDITURES				
Principal	50,000.00	325,000.00	5,053.02	380,053.02
Interest	67,490.00	77,687.50	4,448.22	149,625.72
Paying agent fees	300.00	365.00	0.00	665.00
TOTAL EXPENDITURES	<u>117,790.00</u>	<u>403,052.50</u>	<u>9,501.24</u>	<u>530,343.74</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,233.55</u>	<u>(61,110.08)</u>	<u>(9,501.24)</u>	<u>(69,377.77)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>30,207.58</u>	<u>50,000.00</u>	<u>9,501.24</u>	<u>89,708.82</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	31,441.13	(11,110.08)	0.00	20,331.05
FUND BALANCE, JANUARY 1	<u>5,606.45</u>	<u>243,247.28</u>	<u>0.00</u>	<u>248,853.73</u>
FUND BALANCE, DECEMBER 31	<u>\$ 37,047.58</u>	<u>\$ 232,137.20</u>	<u>\$ 0.00</u>	<u>\$ 269,184.78</u>

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to certain purposes are used only for those purposes and further enables them to report to creditors, and other grantors of Capital Projects Fund revenue, that their requirements regarding the use of the revenue were fully satisfied.

In this category, Mason County administers the transactions of the Building Authority – Jail Construction Fund, Equipment Replacement Fund, Park Improvement Fund, Public Improvement Fund, District Library Improvement Fund, Ice Arena Construction Fund, 911 Construction Fund and Medical Care Facility Improvement Fund.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2004

	EQUIPMENT REPLACEMENT	PARK IMPROVEMENT	ICE ARENA CONSTRUCTION	911 CONSTRUCTION
ASSETS				
Cash and cash equivalents	\$ 554,550.18	\$ 21,809.68	\$ 38,865.55	\$ 0.00
Investments	745,068.89	0.00	0.00	0.00
Accounts receivable	0.00	0.00	0.00	0.00
Pre-paid items	920.55	0.00	0.00	0.00
Long-term advance to other funds		0.00	0.00	0.00
Due from state	2,584.00	0.00	0.00	0.00
Due from other units	0.00	0.00	0.00	0.00
Interest receivable	27,511.19	16.13	28.75	0.00
TOTAL ASSETS	\$ 1,330,634.81	\$ 21,825.81	\$ 38,894.30	\$ 0.00
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 0.00	\$ 955.89	\$ 38.43	\$ 0.00
Due to other units	0.00	0.00	23,319.33	0.00
TOTAL LIABILITIES	0.00	955.89	23,357.76	0.00
FUND BALANCE				
Reserved for advances	0.00	0.00	0.00	0.00
Reserved for pre-paid items	920.55	0.00	0.00	0.00
Undesignated	1,329,714.26	20,869.92	15,536.54	0.00
TOTAL FUND BALANCE	1,330,634.81	20,869.92	15,536.54	0.00
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,330,634.81	\$ 21,825.81	\$ 38,894.30	\$ 0.00

JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	DIST. LIBRARY IMPROVEMENT	M.C.F. IMPROVEMENT	TOTAL
\$ 388,827.09	\$ 1,264,037.34	\$ 2,084.48	\$ 158,568.10	\$ 2,428,742.42
334,129.56	301,530.67	154,320.52	816,819.19	2,351,868.83
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	920.55
0.00	5,637.17	0.00	0.00	5,637.17
0.00	0.00	0.00	0.00	2,584.00
0.00	0.00	0.00	0.00	0.00
1,760.97	25,581.22	351.29	4,870.82	60,120.37
<u>\$ 724,717.62</u>	<u>\$ 1,596,786.40</u>	<u>\$ 156,756.29</u>	<u>\$ 980,258.11</u>	<u>\$ 4,849,873.34</u>
\$ 2,689.13	\$ 281,407.55	\$ 0.00	\$ 0.00	\$ 285,091.00
0.00	0.00	0.00	0.00	23,319.33
2,689.13	281,407.55	0.00	0.00	308,410.33
0.00	5,637.17	0.00	0.00	5,637.17
0.00	0.00	0.00	0.00	920.55
722,028.49	1,309,741.68	156,756.29	980,258.11	4,534,905.29
722,028.49	1,315,378.85	156,756.29	980,258.11	4,541,463.01
<u>\$ 724,717.62</u>	<u>\$ 1,596,786.40</u>	<u>\$ 156,756.29</u>	<u>\$ 980,258.11</u>	<u>\$ 4,849,873.34</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS
DECEMBER 31, 2004

	EQUIPMENT REPLACEMENT	PARK IMPROVEMENT	ICE ARENA CONSTRUCTION	911 CONSTRUCTION
REVENUES				
Federal and state grants	\$ 13,699.00	\$ 0.00	\$ 0.00	\$ 0.00
Interest	35,187.88	408.86	144.75	343.88
Rent	0.00	0.00	0.00	0.00
Other	1,300.00	10,715.72	40,957.20	0.00
TOTAL REVENUES	50,186.88	11,124.58	41,101.95	343.88
EXPENDITURES				
Capital outlay	113,266.31	12,404.41	25,565.41	0.00
TOTAL EXPENDITURES	113,266.31	12,404.41	25,565.41	0.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(63,079.43)	(1,279.83)	15,536.54	343.88
OTHER FINANCING SOURCES (USES)				
Transfers in	363,000.00	0.00	0.00	0.00
Transfers out	0.00	0.00	0.00	(30,207.58)
TOTAL OTHER FINANCING SOURCES (USES)	363,000.00	0.00	0.00	(30,207.58)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	299,920.57	(1,279.83)	15,536.54	(29,863.70)
FUND BALANCE, JANUARY 1	1,030,714.24	22,149.75	0.00	29,863.70
FUND BALANCE, DECEMBER 31	\$ 1,330,634.81	\$ 20,869.92	\$ 15,536.54	\$ 0.00

JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	DIST. LIBRARY IMPROVEMENT	M.C.F. IMPROVEMENT	TOTAL
\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 13,699.00
13,646.54	29,978.50	3,833.06	21,106.10	104,649.57
0.00	34,000.00	0.00	0.00	34,000.00
0.00	3,243.50	0.00	2,586.50	58,802.92
<u>13,646.54</u>	<u>67,222.00</u>	<u>3,833.06</u>	<u>23,692.60</u>	<u>211,151.49</u>
<u>4,251.88</u>	<u>1,327,523.18</u>	<u>1,050.00</u>	<u>9,686.00</u>	<u>1,493,747.19</u>
<u>4,251.88</u>	<u>1,327,523.18</u>	<u>1,050.00</u>	<u>9,686.00</u>	<u>1,493,747.19</u>
<u>9,394.66</u>	<u>(1,260,301.18)</u>	<u>2,783.06</u>	<u>14,006.60</u>	<u>(1,282,595.70)</u>
94,500.00	1,677,496.00	51,048.18	175,000.00	2,361,044.18
0.00	0.00	0.00	0.00	(30,207.58)
<u>94,500.00</u>	<u>1,677,496.00</u>	<u>51,048.18</u>	<u>175,000.00</u>	<u>2,330,836.60</u>
103,894.66	417,194.82	53,831.24	189,006.60	1,048,240.90
<u>618,133.83</u>	<u>898,184.03</u>	<u>102,925.05</u>	<u>791,251.51</u>	<u>3,493,222.11</u>
\$ <u><u>722,028.49</u></u>	\$ <u><u>1,315,378.85</u></u>	\$ <u><u>156,756.29</u></u>	\$ <u><u>980,258.11</u></u>	\$ <u><u>4,541,463.01</u></u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the County. Since the services and commodities are supplied exclusively to programs under the County's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in general, special revenue and enterprise funds.

The County's Workers' Compensation Insurance, Self-Insurance Health Fund, Self-Insurance Liability Fund, Medical Care Facility Insurance Fund, Medical Care Facility Disability Insurance Fund, Computer Network Fund and the DPW Revolving Equipment Fund are operated as Internal Service Funds.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2004

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT	MEDICAL CARE FACILITY INSURANCE
ASSETS			
Cash	\$ 21,185.77	\$ 46,094.63	\$ 207,304.21
Investments	0.00	48,445.58	435,021.13
Accounts receivable	0.00	0.00	0.00
Prepaid items	0.00	0.00	13,031.13
Deposits	0.00	0.00	0.00
Vehicles - net	0.00	58,519.70	0.00
Interest receivable	15.67	223.12	5,653.56
TOTAL ASSETS	\$ 21,201.44	\$ 153,283.03	\$ 661,010.03
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 500.00	\$ 149.23	\$ 288.02
Accrued expenses	0.00	0.00	58,638.00
TOTAL LIABILITIES	500.00	149.23	58,926.02
FUND EQUITY			
Reserved for employee benefits	0.00	0.00	602,084.01
Retained earnings	20,701.44	153,133.80	0.00
TOTAL FUND EQUITY	20,701.44	153,133.80	602,084.01
TOTAL LIABILITIES AND FUND EQUITY	\$ 21,201.44	\$ 153,283.03	\$ 661,010.03

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	MEDICAL CARE FACILITY DISABILITY INSURANCE	TOTAL
\$ 50,867.76	\$ 91,983.29	\$ 39,565.63	\$ 44,062.46	\$ 501,063.75
334,905.99	779,202.52	235,123.80	60,000.00	1,892,699.02
7,783.43	0.00	0.00	0.00	7,783.43
49,485.00	5,354.87	5,790.29	0.00	73,661.29
315,213.06	0.00	0.00	0.00	315,213.06
0.00	0.00	0.00	0.00	58,519.70
6,891.93	44,388.28	3,154.11	113.31	60,439.98
<u>\$ 765,147.17</u>	<u>\$ 920,928.96</u>	<u>\$ 283,633.83</u>	<u>\$ 104,175.77</u>	<u>\$ 2,909,380.23</u>
\$ 122.38	\$ 0.00	\$ 150,648.00	\$ 0.00	\$ 151,707.63
26,784.00	3,634.00	0.00	0.00	89,056.00
26,906.38	3,634.00	150,648.00	0.00	240,763.63
738,240.79	917,294.96	132,985.83	104,175.77	2,494,781.36
0.00	0.00	0.00	0.00	173,835.24
738,240.79	917,294.96	132,985.83	104,175.77	2,668,616.60
<u>\$ 765,147.17</u>	<u>\$ 920,928.96</u>	<u>\$ 283,633.83</u>	<u>\$ 104,175.77</u>	<u>\$ 2,909,380.23</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT	MEDICAL CARE FACILITY INSURANCE
OPERATING REVENUES			
Interest and fees	\$ 419.95	\$ 2,281.86	\$ 15,745.15
Reimbursements	26,240.45	0.00	56,410.00
Equipment rental	0.00	16,307.13	0.00
TOTAL OPERATING REVENUES	26,660.40	18,588.99	72,155.15
EXPENSES			
Claims and benefits	0.00	0.00	47,293.92
Repairs and maintenance	20,591.12	8,227.66	0.00
TOTAL OPERATING EXPENSES	20,591.12	8,227.66	47,293.92
OPERATING INCOME (LOSS)	6,069.28	10,361.33	24,861.23
OTHER FINANCING SOURCES (USES)			
Transfers in	0.00	0.00	75,000.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	75,000.00
NET INCOME (LOSS)	6,069.28	10,361.33	99,861.23
RETAINED EARNINGS, JANUARY 1	14,632.16	142,772.47	502,222.78
PRIOR PERIOD ADJUSTMENT	0.00	0.00	0.00
RETAINED EARNINGS, DECEMBER 31	\$ 20,701.44	\$ 153,133.80	\$ 602,084.01

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	MEDICAL CARE FACILITY DISABILITY INSURANCE	TOTAL
\$ 32,723.00	\$ 43,964.75	\$ 9,820.95	\$ 2,431.99	\$ 107,387.65
39,479.76	1,037.01	98,900.65	0.00	222,067.87
0.00	0.00	0.00	0.00	16,307.13
<u>72,202.76</u>	<u>45,001.76</u>	<u>108,721.60</u>	<u>2,431.99</u>	<u>345,762.65</u>
163,238.82	1,676.73	245,081.06	21,816.68	479,107.21
0.00	0.00	0.00	0.00	28,818.78
<u>163,238.82</u>	<u>1,676.73</u>	<u>245,081.06</u>	<u>21,816.68</u>	<u>507,925.99</u>
<u>(91,036.06)</u>	<u>43,325.03</u>	<u>(136,359.46)</u>	<u>(19,384.69)</u>	<u>(162,163.34)</u>
170,000.00	25,189.43	0.00	25,000.00	295,189.43
<u>170,000.00</u>	<u>25,189.43</u>	<u>0.00</u>	<u>25,000.00</u>	<u>295,189.43</u>
78,963.94	68,514.46	(136,359.46)	5,615.31	133,026.09
659,276.85	848,780.50	236,987.29	98,560.46	2,503,232.51
0.00	0.00	32,358.00	0.00	32,358.00
<u>\$ 738,240.79</u>	<u>\$ 917,294.96</u>	<u>\$ 132,985.83</u>	<u>\$ 104,175.77</u>	<u>\$ 2,668,616.60</u>

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT	MEDICAL CARE FACILITY INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 6,069.28	\$ 10,361.33	\$ 24,861.23
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation	0.00	5,027.68	0.00
Prior period adjustment	0.00	0.00	0.00
(Increase) decrease in current assets			
Due from other funds	0.00	0.00	50,568.94
Accounts receivable/Due from state	1,500.00	0.00	0.00
Interest receivable	(5.44)	(177.86)	(4,262.70)
Prepaid items	0.00	0.00	(13,031.13)
Deposits	0.00	0.00	0.00
Increase (decrease) in current liabilities			
Accounts payable	162.50	88.97	(1,589.49)
Accrued expenses	0.00	0.00	13,124.00
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>7,726.34</u>	<u>15,300.12</u>	<u>69,670.85</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	<u>0.00</u>	<u>0.00</u>	<u>75,000.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in investments	<u>0.00</u>	<u>(20,907.88)</u>	<u>(168,664.02)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,726.34	(5,607.76)	(23,993.17)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>13,459.43</u>	<u>51,702.39</u>	<u>231,297.38</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 21,185.77</u></u>	<u><u>\$ 46,094.63</u></u>	<u><u>\$ 207,304.21</u></u>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH	MEDICAL CARE FACILITY DISABILITY INSURANCE	TOTAL
\$ (91,036.06) \$	43,325.03	\$ (136,359.46) \$	(19,384.69) \$	(162,163.34)
0.00	0.00	0.00	0.00	5,027.68
0.00	0.00	32,358.00	0.00	32,358.00
0.00	0.00	0.00	0.00	50,568.94
(7,783.43)	0.00	0.00	0.00	(6,283.43)
(4,404.81)	(24,762.41)	(309.78)	(2.28)	(33,925.28)
(6,874.00)	(5,354.87)	2,186.63	0.00	(23,073.37)
(28,096.17)	0.00	0.00	0.00	(28,096.17)
94.30	(85.54)	88,631.02	(582.03)	86,719.73
(18,007.17)	(8,460.00)	0.00	0.00	(13,343.17)
(156,107.34)	4,662.21	(13,493.59)	(19,969.00)	(92,210.41)
170,000.00	25,189.43	0.00	25,000.00	295,189.43
(58,006.39)	15,537.72	40,905.52	(23,312.18)	(214,447.23)
(44,113.73)	45,389.36	27,411.93	(18,281.18)	(11,468.21)
94,981.49	46,593.93	12,153.70	62,343.64	512,531.96
\$ 50,867.76 \$	91,983.29	\$ 39,565.63 \$	44,062.46 \$	501,063.75

MASON COUNTY, MICHIGAN
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

		CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$	512,531.96	\$ 1,678,251.79	\$ 2,190,783.75
NET DECREASE		<u>(11,468.21)</u>	<u>214,447.23</u>	<u>202,979.02</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$	<u><u>501,063.75</u></u>	\$ <u><u>1,892,699.02</u></u>	\$ <u><u>2,393,762.77</u></u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominately self-supporting by user charges. The significant characteristic of Enterprise Funds is that the accounting system must make it possible to show whether the activity is operated at a profit or loss, similar to comparable private enterprises. Thus, the financial statements of Enterprise Funds are self-contained and creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as they can the performance of investor-owned enterprises in the same industry.

The County's Delinquent Tax Revolving Fund, Park Operation Fund, Airport Fund and the Public Works Operations and Maintenance Fund are operated as Enterprise Funds.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
DECEMBER 31, 2004

	PUBLIC WORKS									
	PARK		OPERATION		DELINQUENT					
	OPERATIONS	MAINTENANCE	AIRPORT	TAX	REVOLVING					
					TOTAL					
ASSETS										
Cash	\$	20,952.89	\$	704,939.30	\$	24,660.77	\$	182,302.02	\$	932,854.98
Investments		0.00		614,606.86		122,408.15		0.00		737,015.01
Interest receivable		11.12		4,354.62		100.97		97.43		4,564.14
Accounts receivable		0.00		26,679.94		3,270.96		78.00		30,028.90
Deliquent taxes receivable		0.00		0.00		0.00		726,823.27		726,823.27
Fixed Assets - net		0.00		717,147.16		1,217,147.64		0.00		1,934,294.80
Leases receivable		0.00		4,061,137.82		0.00		0.00		4,061,137.82
Due from other units and individuals		0.00		156,984.80		0.00		10,312.26		167,297.06
Due from federal government		0.00		190,600.00		0.00		0.00		190,600.00
Prepaid items		232.70		0.00		5,779.44		0.00		6,012.14
TOTAL ASSETS	\$	21,196.71	\$	6,476,450.50	\$	1,373,367.93	\$	919,612.98	\$	8,790,628.12
LIABILITIES AND						RETAINED EARNINGS				
LIABILITIES										
Accounts payable	\$	940.15	\$	242,750.67	\$	15,109.57	\$	0.00	\$	258,800.39
Due to other funds		0.00		128,023.47		0.00		0.00		128,023.47
Due to individuals		0.00		0.00		0.00		3,804.39		3,804.39
Due to state		0.00		0.00		0.00		3,349.34		3,349.34
Due to other units		0.00		0.00		0.00		3,580.36		3,580.36
Accrued payroll		0.00		0.00		1,212.17		0.00		1,212.17
Bonds payable		0.00		4,375,000.00		900,000.00		0.00		5,275,000.00
Advances from other funds		0.00		0.00		15,092.98		395,192.48		410,285.46
TOTAL		940.15		4,745,774.14		931,414.72		405,926.57		6,084,055.58
RETAINED EARNINGS										
Unreserved		20,256.56		1,730,676.36		441,953.21		513,686.41		2,706,572.54
TOTAL LIABILITIES AND										
RETAINED EARNINGS	\$	21,196.71	\$	6,476,450.50	\$	1,373,367.93	\$	919,612.98	\$	8,790,628.12

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT	DELINQUENT TAX REVOLVING	TOTAL
REVENUES					
Charges for services	\$ 33,308.00	\$ 105,495.45	\$ 17,953.00	\$ 0.00	\$ 156,756.45
Rentals	0.00	19,400.00	66,855.76	0.00	86,255.76
Reimbursements	0.00	723,292.61	13,715.56	0.00	737,008.17
Federal grants	0.00	1,422,700.00	0.00	0.00	1,422,700.00
Interest and other	23,099.42	26,195.73	4,321.50	349,898.24	403,514.89
TOTAL REVENUES	56,407.42	2,297,083.79	102,845.82	349,898.24	2,806,235.27
EXPENSES					
Salary and benefits	23,684.69	0.00	53,999.70	0.00	77,684.39
Interest and fees	0.00	199,266.60	47,822.96	23,132.45	270,222.01
Contracted services	12,594.16	1,386,467.80	49,021.38	0.00	1,448,083.34
Repairs and maintenance	4,490.12	0.00	14,728.73	0.00	19,218.85
Utilities and telephone	4,945.15	7,381.66	23,472.80	0.00	35,799.61
Other operating expenses	10,698.75	67,059.60	62,256.58	0.00	140,014.93
TOTAL EXPENSES	56,412.87	1,660,175.66	251,302.15	23,132.45	1,991,023.13
OPERATING INCOME (LOSS)	(5.45)	636,908.13	(148,456.33)	326,765.79	815,212.14
OTHER FINANCING SOURCES (USES)					
Transfers in	0.00	18,000.00	130,950.00	0.00	148,950.00
Transfers out	0.00	0.00	0.00	(1,200,000.00)	(1,200,000.00)
TOTAL OTHER FINANCING SOURCES (USES)	0.00	18,000.00	130,950.00	(1,200,000.00)	(1,051,050.00)
NET INCOME (LOSS)	(5.45)	654,908.13	(17,506.33)	(873,234.21)	(235,837.86)
RETAINED EARNINGS, JANUARY 1	20,262.01	1,141,808.94	459,459.54	1,386,920.62	3,008,451.11
PRIOR PERIOD ADJUSTMENTS	0.00	(66,040.71)	0.00	0.00	(66,040.71)
RETAINED EARNINGS, DECEMBER 31	\$ 20,256.56	\$ 1,730,676.36	\$ 441,953.21	\$ 513,686.41	\$ 2,706,572.54

MASON COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	PUBLIC WORKS OPERATION AND PARK OPERATIONS MAINTENANCE			AIRPORT	DELINQUENT TAX REVOLVING	TOTAL				
CASH FLOWS FROM OPERATING ACTIVITIES										
Operating income (loss)	\$	(5.45)	\$	636,908.13	\$	(148,456.33)	\$	326,765.79	\$	815,212.14
Adjustments to reconcile net income to net cash provided by (used in) operating activities										
Prior period adjustment		0.00		(66,040.71)		0.00		0.00		(66,040.71)
Depreciation		0.00		17,161.06		51,157.81		0.00		68,318.87
(Increase) decrease in current assets										
Accounts receivable/Due from State		0.00		(26,619.42)		(2,379.50)		797.00		(28,201.92)
Delinquent taxes receivable		0.00		0.00		0.00		44,312.57		44,312.57
Interest receivable		0.54		3,737.95		(1.41)		3,561.33		7,298.41
Prepaid items		(46.03)		64.50		(167.92)		0.00		(149.45)
Advances to other funds		0.00		0.00		0.00		0.00		0.00
Due from other units		0.00		163,141.21		0.00		(7,721.51)		155,419.70
Due from federal government		0.00		(152,900.00)		0.00		0.00		(152,900.00)
Increase (decrease) in current liabilities										
Due to other funds		0.00		(40,718.61)		0.00		0.00		(40,718.61)
Due to state		0.00		0.00		0.00		(8,125.29)		(8,125.29)
Due to other units and individuals		0.00		0.00		0.00		(3,064.88)		(3,064.88)
Accrued payroll		0.00		0.00		260.50		0.00		260.50
Accounts payable		55.25		(118,966.11)		4,512.40		0.00		(114,398.46)
Advances from other funds		0.00		0.00		(8,180.78)		395,192.48		387,011.70
NET CASH PROVIDED BY OPERATING ACTIVITIES		4.31		415,768.00		(103,255.23)		751,717.49		1,064,234.57
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Lease receivable		0.00		0.00		0.00		0.00		0.00
Bond payment		0.00		0.00		(25,000.00)		0.00		(25,000.00)
Purchase of capital assets		0.00		0.00		0.00		0.00		0.00
NET CASH USED IN FINANCING ACTIVITIES		0.00		0.00		(25,000.00)		0.00		(25,000.00)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers from (to) other funds		0.00		18,000.00		130,950.00		(1,200,000.00)		(1,051,050.00)
CASH FLOWS FROM INVESTING ACTIVITIES										
(Increase) decrease in investments		0.00		(300,964.33)		(15,212.04)		470,015.10		153,838.73
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		4.31		132,803.67		(12,517.27)		21,732.59		142,023.30
CASH AND CASH EQUIVALENTS, JANUARY 1		20,948.58		572,135.63		37,178.04		160,569.43		790,831.68
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$	20,952.89	\$	704,939.30	\$	24,660.77	\$	182,302.02	\$	932,854.98

MASON COUNTY, MICHIGAN
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	CASH	INVESTMENTS	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JANUARY 1	\$ 790,831.68	\$ 890,853.74	\$ 1,681,685.42
NET DECREASE	<u>142,023.30</u>	<u>(153,838.73)</u>	<u>(11,815.43)</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 932,854.98</u>	<u>\$ 737,015.01</u>	<u>\$ 1,669,869.99</u>

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FIDUCIARY FUNDS

Trust and Agency Funds are established to administer resources received and held by a governmental unit as the trustee or as the agent for others. Use of these funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.

In this category, Mason County administers the transactions of the Trust and Agency Fund, Library Penal Fund, and Current Tax Collection.

MASON COUNTY, MICHIGAN
COMBINING BALANCE SHEET
FIDUCIARY FUNDS
DECEMBER 31, 2004

	TRUST AND AGENCY	CURRENT TAX COLLECTION	LIBRARY PENAL	TOTAL
ASSETS				
Cash	\$ 392,928.68	\$ 2,612.68	\$ 34,147.75	\$ 429,689.11
TOTAL ASSETS	<u>\$ 392,928.68</u>	<u>\$ 2,612.68</u>	<u>\$ 34,147.75</u>	<u>\$ 429,689.11</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to State of Michigan	\$ 93,890.72	\$ 0.00	\$ 0.00	\$ 93,890.72
Due to federal government	0.00	0.00	0.00	0.00
Bonds payable	36,590.34	0.00	0.00	36,590.34
Restitution payable	33,437.69	0.00	0.00	33,437.69
Undistributed taxes	193,918.89	2,612.68	0.00	196,531.57
Due to other units	3,196.21	0.00	0.00	3,196.21
Other current liabilities	31,894.83	0.00	0.00	31,894.83
Undistributed penal fines	0.00	0.00	60.01	60.01
Due to other funds	0.00	0.00	34,087.74	34,087.74
TOTAL LIABILITIES	<u>392,928.68</u>	<u>2,612.68</u>	<u>34,147.75</u>	<u>429,689.11</u>
FUND BALANCE				
Unreserved	0.00	0.00	0.00	0.00
TOTAL FUND EQUITY	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 392,928.68</u>	<u>\$ 2,612.68</u>	<u>\$ 34,147.75</u>	<u>\$ 429,689.11</u>

MASON COUNTY, MICHIGAN
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	BALANCE DECEMBER 31, 2003	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2004
ASSETS				
Cash and cash equivalents	\$ 693,364.43	\$ 40,187,412.96	\$ 40,487,848.71	\$ 392,928.68
Investments	0.00	2,399.28	2,399.28	0.00
TOTAL ASSETS	\$ 693,364.43	\$ 40,189,812.24	\$ 40,490,247.99	\$ 392,928.68
LIABILITIES				
Due to State of Michigan	\$ 116,237.69	\$ 8,135,065.97	\$ 8,157,412.94	\$ 93,890.72
Due to federal government	(35.00)	18,755.00	18,720.00	0.00
Bonds payable	176,957.50	128,193.10	268,560.26	36,590.34
Restitution payable	22,012.38	83,937.31	72,512.00	33,437.69
Undistributed taxes	335,458.40	7,794,662.11	7,936,201.62	193,918.89
Other current liabilities	36,782.66	17,844,179.03	17,849,066.86	31,894.83
Due to other units	5,950.80	190,685.65	193,440.24	3,196.21
TOTAL LIABILITIES	\$ 693,364.43	\$ 34,195,478.17	\$ 34,495,913.92	\$ 392,928.68
LIBRARY PENAL FUND				
ASSETS				
Cash	\$ 40,790.56	\$ 142,141.67	\$ 148,784.48	\$ 34,147.75
LIABILITIES				
Undistributed penal fines	\$ 71.97	\$ 250.06	\$ 262.02	\$ 60.01
Due to other funds	40,718.59	141,891.61	148,522.46	34,087.74
TOTAL LIABILITIES	\$ 40,790.56	\$ 142,141.67	\$ 148,784.48	\$ 34,147.75
CURRENT TAX COLLECTION				
ASSETS				
Cash	\$ 2,004.41	\$ 327,353.84	\$ 326,745.57	\$ 2,612.68
LIABILITIES				
Undistributed taxes	\$ 2,004.41	\$ 341,231.49	\$ 340,623.22	\$ 2,612.68
TOTAL - AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 736,159.40	\$ 40,656,908.47	\$ 40,963,378.76	\$ 429,689.11
Investments	0.00	2,399.28	2,399.28	0.00
TOTAL ASSETS	\$ 736,159.40	\$ 40,659,307.75	\$ 40,965,778.04	\$ 429,689.11
LIABILITIES				
Due to State of Michigan	\$ 116,237.69	\$ 8,135,065.97	\$ 8,157,412.94	\$ 93,890.72
Due to federal government	(35.00)	18,755.00	18,720.00	0.00
Bonds payable	176,957.50	128,193.10	268,560.26	36,590.34
Restitution payable	22,012.38	83,937.31	72,512.00	33,437.69
Undistributed taxes	337,462.81	8,135,893.60	8,276,824.84	196,531.57
Other current liabilities	36,782.66	17,844,179.03	17,849,066.86	31,894.83
Due to other funds	40,718.59	141,891.61	148,522.46	34,087.74
Due to other units	5,950.80	190,685.65	193,440.24	3,196.21
Undistributed penal fines	71.97	250.06	262.02	60.01
TOTAL LIABILITIES	\$ 736,159.40	\$ 34,678,851.33	\$ 34,985,321.62	\$ 429,689.11

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GENERAL LONG-TERM DEBT ACCOUNT GROUP

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the governmental unit as a whole and not its individual constituent funds. Also, the proceeds of such debt may be spent on facilities which are utilized in the operations of several funds. For these reasons, the amount of such unmatured long-term indebtedness is recorded and accounted for in a separate self-balancing group of accounts titled "General Long-Term Debt Account Group."

**MASON COUNTY, MICHIGAN
STATEMENT OF GENERAL LONG-TERM DEBT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
DECEMBER 31, 2004**

**AMOUNTS AVAILABLE AND TO BE PROVIDED FOR
PAYMENT OF GENERAL LONG-TERM DEBT**

Amount available for payment of general long-term debt	\$2,563,120.32
Amount to be provided by County and other units of government	<u>3,477,226.75</u>
TOTAL AMOUNTS AVAILABLE AND TO BE PROVIDED	<u>\$6,040,347.07</u>

GENERAL LONG-TERM DEBT PAYABLE

Accumulated compensated absences payable	\$ 428,754.43
District Library Land Contract	85,194.64
1998 Building Authority Bonds – Jail	1,550,000.00
2003 911 Center Building	1,790,000.00
Post Closure Care - Pere Marquette Landfill Site	1,441,920.00
Post Closure Care - Scottville Landfill Site	<u>744,480.00</u>
TOTAL GENERAL LONG-TERM DEBT PAYABLE	<u>\$6,040,349.07</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
County of Mason,
Ludington, Michigan

We have audited the general purpose financial statement of Mason County, Michigan, except for the Mason County Road Commission, as of and for the year ended December 31, 2004, and have issued our report thereon dated May 18, 2005. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Mason County, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion of compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mason County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Mason County, Michigan, in a separate letter dated May 18, 2005.

This report is intended for the information of the management, the Board of Commissioners, Michigan Department of Treasury, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountants

East Lansing, Michigan
May 18, 2005

COUNTY OF MASON
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL/GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLENUMBER	FEDERAL CFDA	GRANTORS NUMBER	GRANT PERIOD FROM TO	FEDERAL REVENUE RECOGNIZED	EXPENDITURE
US Department of Health And Human Services Passed Through: Michigan Family Independence Agency: Title IV-D Child Support Enforcement Program: Prosecuting Attorney/FOC Reimbursement Program	93.563		01-01-04 12-31-04	\$ 162,832.83	\$ 162,832.83
Title IV-D Incentive Program	93.560		01-01-04 12-31-04 FY 2002-03 FINAL	40,002.82 20,841.00	40,002.82 20,841.00
Title IV-D Medical Support Enforcement Agreement	93.560		01-01-04 12-31-04	11,796.71	11,796.71
TOTAL PROGRAM				72,640.53	72,640.53
Federal Emergency Management Agency Passed through: Michigan Department of State Police Emergency Management Assistance Program: Civil Defense	83.552		10-01-03 09-30-04	5,018.39	5,018.39
Supplemental payment to Local emergency planning Committee	20.703		01-01-04 12-31-04	300.00	300.00
TOTAL PROGRAM				5,318.39	5,318.39
U.S. Department of Housing and Urban Development Passed – Through: Michigan Department of Commerce: Michigan Community Development Block Grant	14.219		01-01-04 12-31-04	8,513.00	8,513.00
FY 2005 Mason County Michigan Brownfield Assessment U.S. Environmental Protection Agency Brownfields Assessment & Cleanup Cooperative Agreements	66.818	BF 96550201	10-01-04 09-30-06	1,443.90	1,443.90
LinkMichigan Regional Telecommunications Planning Project Grant Agreement US Department of Housing & Urban Development Passed-through: Michigan Department Economic Development Corporation: Michigan Development Block Grant	14.228	Michigan Strategic Fund MSC 201-069-LMRP	07-01-02 01-31-04	14,306.25	14,306.25

COUNTY OF MASON
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2004

FEDERAL/GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLENUMBER	FEDERAL CFDA	GRANTORS NUMBER	GRANT PERIOD FROM TO	FEDERAL REVENUE RECOGNIZED	EXPENDITURE
Office of Drug Control Policy Byrne Memorial Formula Grant Program, passed through the Michigan Department of State Police: State, Sheriff's, Chief's Enforcement of Narcotics Team	16.579	ODCP Project # 70052-9K98	10-01-03 09-30-04 10-01-04 09-30-05	20,791.00 <u>6,719.00</u> <u>27,510.00</u>	20,791.00 <u>6,719.00</u> <u>27,510.00</u>
TOTAL PROGRAM					
FY 2003 State Homeland Security Grant Program Grant Agreement Agency Passed - Through: Michigan Department of State Police: Emergency Management Assistance Program	16.007	SHSGP Grant	05-01-03 12-31-03	<u>31,275.00</u>	<u>31,275.00</u>
2004 State Homeland Security Grant Program Grant Agreement Agency Passed - Through: Michigan Department of State Police: Emergency Management Assistance Program	97.004	SHSGP Grant	08-01-04 09-30-05	<u>90,120.00</u>	<u>90,120.00</u>
FY 2003 State Homeland Security Grant Program Part II Training Grant Agreement Passed- Through: Michigan Department of State Police: Emergency Management Assistance Program	97.004	SHSGP Grant	03-01-04 02-28-05	<u>774.36</u>	<u>774.36</u>
FY 2003 State Homeland Security Grant Program Exercise Grant Agreement Agency Passed-Through: Michigan Department of State Police: Emergency Management Assistance Program	16.007	SHSGP Grant	04-01-03 03-31-05	<u>5,932.83</u>	<u>5,932.83</u>
FY 2003 State Homeland Security Grant Program Part II Solution Area Planner (SAP) Grant Agreement Agency Passed-Through: Michigan Department of State Police: Emergency Management Assistance Program	16.007	SHSGP Grant	01-01-04 04-30-05	<u>23,955.96</u>	<u>23,955.96</u>
U.S. Department of Agriculture Rural Development, Farmers Home Administration (Direct Program) Water and Waste Disposal Systems for Rural Communities Grant Funds	10.760			<u>1,422,700.00</u>	<u>1,422,700.00</u>
TOTAL FEDERAL REVENUES & EXPENDITURES				<u>\$ 1,867,323.05</u>	<u>\$ 1,867,323.05</u>

**NOTES TO SCHEDULE TO EXPENDITURES OF FEDERAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 1: AIRPORT PROJECT GRANT

The County of Mason received one block grant funded by the Federal Aviation Administration for the design and construction of the Airport Apron Project. The consultants and contractors are paid directly by the Michigan Department of Transportation and, therefore, the County does not record the grant revenue. The total federal funds committed for these projects for the year ended December 31, 2004 of \$155,800.00 are not included on the Schedule of Federal Financial Awards.

**MASON COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

PROGRAM	FINDINGS/COMPLIANCE	QUESTIONED COSTS
	NONE.	

**COUNTY OF MASON, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses a unqualified opinion on the general purpose financial statements of the County of Mason.
2. No reportable conditions relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of the County of Mason were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported.
5. The auditors' report on compliance for the major federal award programs for the County of Mason expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for the County of Mason.
7. The programs tested as major programs included: U.S. Department of Agriculture Water and Waste Disposal System Direct Program CFDA No. 10.760.
8. The threshold for distinguishing Types A and B programs was \$500,000.00.
9. County of Mason was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
County of Mason
Ludington, Michigan

Compliance

We have audited the compliance of the COUNTY OF MASON, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2004. The County of Mason, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Mason, Michigan's management. Our responsibility is to express an opinion on the County of Mason, Michigan's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the County of Mason, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Mason, Michigan's compliance with those requirements.

In our opinion, the County of Mason, Michigan complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the County of Mason, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of County of Mason in a separate letter dated May 18, 2005.

This report is intended for the information of the management, the Board of Commissioners and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountants

East Lansing, Michigan
May 18, 2005



AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Board of Commissioners
County of Mason
Ludington, Michigan

We have audited the general purpose financial statements of Mason County, except for the County Road Commission, for the year ended December 31, 2004, and have issued our reports on those financial statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of Mason County. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of Mason County is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

AUDIT FINDINGS AND RECOMMENDATIONS FROM PREVIOUS AUDITS

- 97-1. Previous audits have noted inadequate separation of duties in various County offices. This situation is common in organizations which have a limited number of employees. This situation is considered to be a material internal control weakness unless significant alternative procedures are implemented to offset the existing weaknesses. This condition has not improved from previous years.
- 98-1 Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for the general, special revenue and debt service funds, as well as budget amendments as needed to prevent actual expenditures from exceeding appropriated budgets.

For the year ended December 31, 2004, actual expenditures exceeded budgeted amounts in the Employee Vacation and Sick Leave Fund, Spay/Neuter Deposit Fund, Office of Community Corrections Fund, and Emergency Management Grant Fund.

- 00-1 The Sheriff's Department is currently writing checks to departing inmates for as little as \$.01. The department should have a petty cash fund to handle such small transactions. This has not been implemented.
- 03-1 Employee forms W-4 are not updated on a regular basis. We recommend requiring employees to submit new forms W-4 every 3 years. This encourages employees to update the forms for any changes in their taxable status and helps ensure that proper income tax amounts are being withheld from employees' paychecks. This has not been implemented.

AUDIT FINDINGS AND RECOMMENDATIONS FROM PREVIOUS AUDITS - Concluded

- 03-2 In the Sheriff's Department there are a large number of individuals authorized to sign checks, including the Sheriff and Deputy Sheriffs. We recommend either decreasing the number of authorized signors to three or require two signors for every check to provide improved accountability and controls over cash disbursements in the Sheriff's Department. This has not been implemented

CURRENT YEAR RECOMMENDATIONS

- 04-1 When bond payments are received at the Friend of the Court, a receipt is issued and the money or check is placed in a safe until a court order is received directing the distribution of the funds. Strong internal controls call for deposits to be made timely. We recommend that such receipts be deposited without waiting for the court order. A simple log should be maintained to account for the receipt and subsequent payment of such bonds.
- 04-2 During our testing of disbursements we noted instances of payments being made without an approved invoice, and instances of invoices not being cancelled upon payment. Strong internal controls require all disbursements to be supported by approved invoices (or other appropriately approved documents as necessary). Further, it is important to cancel invoices upon payment to help prevent accidental duplicate payment.
- 04-3 We noted one instance of Medical Care Facility disbursement being paid without a properly approved invoice. The same recommendation as noted above applies to the Medical Care Facility as well.

These audit findings and recommendations are intended to assist Mason County in improving the accuracy and reliability of the financial accounting and reporting systems, to ensure compliance with laws and regulations affecting County government and to safeguard the financial resources of the County.

We appreciate the assistance and cooperation extended to us by the County's officials and employees during the audit and we thank them.


Certified Public Accountants

East Lansing, Michigan
May 18, 2005